

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 FEA-01 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-02 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

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FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 7485

INFO AMCONSUL GUADALAJARA

AMCONSUL MONTERREY

LIMITED OFFICIAL USE MEXICO 3701

E.O. 11652: N/A

TAGS: BEXP, ETRD, MX

SUBJ: MEXICAN IMPORTATION OF U.S. CRAWLER TRACTORS

REF: (A) MEXICO 2116; (B) MONTERREY 251; (C) STATE 089437

1. A RELIABLE SOURCE IN PRIVATE INDUSTRY WHO IS ALSO MEMBER OF MEXICAN COMMITTEE WHICH CONSIDERS APPLICATIONS FOR IMPORT PERMITS ON AGRICULTURAL EQUIPMENT STATES THAT GOM DOES PLAN TO PROHIBIT IMPORTATION OF CRAWLER TRACTORS WHEN DINA/KOMATSU AND INTERNATIONAL HARVESTER ARE PRODUCING THIS EQUIPMENT. HE EXPECTS THAT LOCAL PRODUCTION WILL CAUSE RESTRICTIONS FOR IMPORTATION OF EQUIPMENT UP TO ABOUT THREE HUNDRED HORSEPOWER. HE BELIEVES IT IS PROBABLE THAT LIQUIDATION QUOTA, PERMITTING CONTINUED BUT DIMINISHING IMPORTATION OF PARTS BY OTHER MANUFACTURERS, WOULD BE IN EFFECT FOR PERHAPS 2 TO 4 YEARS.

2. MEXICAN ASSOCIATION OF MACHINERY DISTRIBUTORS IS PROTESTING ENERGETICALLY THE GOM PROPOSAL TO CLOSE BORDER TO SUCH EQUIPMENT. MEMBERS OF ASSOCIATION FEEL THAT VERY FEW MODELS TO BE MANUFACTURED IN MEXICO WILL MEAN THAT PURCHASERS WILL BE LIMITED OFFICIAL USE

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UNABLE TO OBTAIN PROPER EQUIPMENT FOR THEIR SPECIFIC

NEEDS. ON OTHER HAND, GOM REASONS THAT DEMANDS FOR LOW HORSEPOWER ENGINES CAN BE SATISFIED BY ANTICIPATED PRODUCTION OF ONE OR TWO INTERNATIONAL HARVESTER MODELS AND DEMANDS FOR LARGER TRACTORS BY SEVERAL DINA/KOMATSU MODELS.

3. INTERNATIONAL HARVESTER EXPECTS TO HAVE ITS FIRST CRAWLER TRACTORS IN SHOWROOMS BY SEPT. 1975. THIS WILL BE MODEL 125-3, 78 HP LOADERS. DINA/KOMATSU PLANS TO BEGIN ASSEMBLY OF ITS MODELS BY MID-75 WITH AN INITIAL ANNUAL CAPACITY OF 240 TO BE INCREASED LATER TO 400.

4. LOCAL CATERPILLAR REPRESENTATIVES ARE HOPEFUL THAT GOM WILL STILL APPROVE CATERPILLAR PROPOSAL, WHICH HAS BEEN IN HANDS OF GOM FOR MORE THAN YEAR NOW. APPARENTLY, COMPANY IS PREPARED TO MAKE IMPORTANT CONCESSIONS TO GOM IN ORDER TO GAIN APPROVAL. IT HAS RETAINED THE SERVICES OF PROMINENT LAWYER TO SEEK NEW CONSULTATIONS WITH CARLOS CAMPILLO SFNZ, SECRETARY OF INDUSTRY AND COMMERCE.

5. EMBASSY IS UNABLE TO DETERMINE WHAT INTENTIONS J.I. CASE MAY HAVE FOR MANUFACTURING CRAWLER TRACTORS IN MEXICO. GOM REPORTEDLY APPROVED CASE MANUFACTURING PROPOSAL. SUGGEST DOC MAY WISH TO CONTACT JOHN ARMBRUSTER IN RACINE, WISCONSIN, TEL (414) 636-6848 FOR INFORMATION ON CASE INTENTIONS.

6. EMBASSY WILL KEEP IN CONTACT WITH LOCAL GOM AND AMERICAN INDUSTRY OFFICIALS AND REPORT ANY SIGNIFICANT DEVELOPMENT. IT IS NORMAL GOM PRACTICE WHEN BEGINNING LOCAL MANUFACTURE OF PREVIOUSLY IMPORTED PRODUCT TO RESTRICT IMPORTATION TO CREATE STRONG MARKET AND PREVENT STOCK PILING. THIS POLICY WILL BENEFIT SOME AMERICAN, AS WELL AS OTHER, SUBSIDIARIES MANUFACTURING IN MEXICO, ALBEIT AT EXPENSE OF TRADITIONAL FOREIGN SUPPLIERS.

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